

**Testimony**  
**Joint Legislative Budget Hearing**  
**Human Services**  
**February 2, 2022**

**Presented by:**  
**Pete Nabozny, Director of Policy**  
**The Children's Agenda**

## Overview

Thank you to the chairs and members of the respective committees for the opportunity to submit testimony on the 2022-23 New York State Budget.

My name is Pete Nabozny, and I am the Director of Policy for The Children's Agenda in Rochester, NY. We are a children's policy and advocacy organization focused on improving the well-being of children prenatally through young adulthood. Through analysis, advocacy, and collaboration with partners locally and statewide, we support the implementation of programs and policies that address the serious challenges facing children and families.

The Children's Agenda is also an active member of the Empire State Campaign for Child Care, a statewide effort to ensure that all families through New York State have access to high quality care. I serve on the steering and executive committees of the Empire State Campaign for Child Care. I am testifying today in support of that campaign's budget recommendations.

There are many challenges plaguing the child care sector in New York State categories. I will attempt to summarize a few in this testimony, and share why my organization and the Empire State Campaign for Child Care believes a \$5 billion investment is needed in the 2022-23 state budget.

## Child Care Capacity is Shrinking

High quality child care in New York is difficult to locate in many parts of the state. A recent [Request for Applications](#) from the Office of Children and Family Services (OCFS) contained the alarming statistic that 62% of census tracts in the state meet the definition of a child care desert<sup>1</sup> (more than 3 young children for every regulated child care slot). Statewide, there are 7 children under 5 years old for every licensed

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<sup>1</sup> A child care desert is determined when there are more than 3 children under 5 years old for every licensed or registered slot serving children those ages in that census tract. See more at <https://childcaredeserts.org/>

or registered child care slot meant to serve them. The shortage is more pronounced in upstate New York, but persistent everywhere. A majority of census tracts in every region of the state qualify as a desert.

*Figure 1: Child Care Desert Data from 1/28/22 OCFS Request for Applications*

REDC	Percent of census tracts in REDC that are "deserts"	Average number of children under 5 yrs per cc slot*	Number of Children Under 5 yrs in REDC	Proportion of NY Population Under 5 yrs in REDC
Capital Region	68.1%	7.7	54,878	4.8%
Central NY	70.2%	9.8	42,458	3.7%
Finger Lakes	66.2%	9.0	64,872	5.6%
Long Island	62.6%	7.1	154,027	13.3%
Mid-Hudson	59.5%	7.4	135,400	11.7%
Mohawk Valley	70.5%	8.5	25,853	2.2%
New York City	57.3%	5.6	544,971	47.2%
North Country	72.1%	8.6	24,303	2.1%
Southern Tier	73.1%	10.4	32,180	2.8%
Western NY	65.3%	7.9	75,259	6.5%
Total	61.8%	7.0	1,154,201	100%

The COVID-19 pandemic exacerbated this decline. Over the course of the pandemic, the child care system has lost more than 10,000 licensed and registered slots statewide<sup>2</sup>. Family and Group Family Child Care programs have closed at a much higher rate than Child Care Centers, and account for 94% of program losses since January 2020. Home based child care programs are generally more affordable for families than center-based care, and home-based child care business owners are more likely to be people of color than centers. According to data OCFS collected from providers who received stabilization grants during the fall of 2021, 95% of home-based child care businesses were owned by women, and 73% were owned by people of color. By contrast, while 94% of center owners are women, only 16% were people of color.<sup>3</sup>

## Child Care is Unaffordable

High quality child care is prohibitively expensive for working families. According to [Child Care Aware of America](#), the average cost of care for a single infant in New York State is over \$15,000 per year. Licensed and registered child care is increasingly difficult to afford for families who do not qualify for the subsidy system.

<sup>2</sup> Based on an analysis of OCFS [Child Care Regulated Programs](#) database from January 2020 and January 2022.

<sup>3</sup> Based on an analysis conducted by The Children's Agenda of OCFS stabilization fund data.

A family of 4 making \$75,000 a year in NYS does not currently qualify for any significant assistance affording the cost of care. The prospect of paying 20% of their gross income on child care is unimaginable when stacked up against rent or mortgage payments, transportation costs, food, student loans, and other expenses. Parents in this situation are forced to make difficult decisions about leaving the workforce, reducing hours, and/or relying on a patchwork of week-to-week child care arrangements.

Families who may qualify for the subsidy system are often unaware of that fact. Several weeks ago, The Children's Agenda released a [report](#) that examined how New York State and the 58 social service districts in the state make information about the subsidy system available to families. We examined the websites of 57 counties and New York City and asked three simple questions.

- Is the child care subsidy application available for download?
- Does the website list income eligibility levels by household size?
- Does the website list other non-income eligibility requirements?

We were able to answer yes to those three questions in only three districts in the state (Erie, Suffolk, and Yates). Most websites (34 of 58) did not contain any of the information listed above, with many simply stating that individuals should contact the county if they'd like to apply for assistance. Seven county websites did not even mention that the county administers the child care subsidy system at all.

## The Child Care Workforce is Shamefully Underpaid

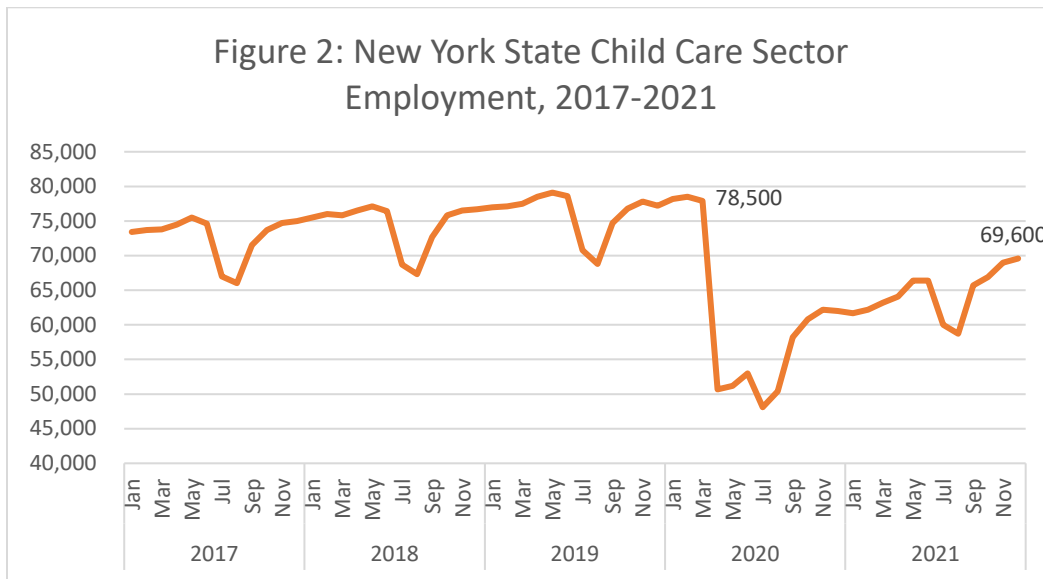
Child care educators are woefully underpaid, despite being entrusted with the enormous responsibility of providing nurturing care to young children. Young children need to build trusting relationships with their caregivers, and the low-pay and resulting high turnover of the child care worker can disrupt that important bond.

According to the latest [New York State Department of Labor](#) data, the median wage for a child care worker in the Finger Lakes region is just \$26,960 per year. This places child care at the **third percentile** of compensation for all job types in this region.

A recent [report](#) released by the Live Well Erie Emergency Child Care Task Force on the cost of care in Erie County provides a great deal of detail on the inadequate wages paid to child care workers in that community, and the subsequent effect it has on program quality and operations. Providers reported losing staff to retail and fast food restaurants that have begun paying significantly higher than minimum wage for employees. And while all workers in all fields deserve to make a sustaining

wage, something has gone clearly awry when we cannot fill jobs in such a critical sector.

While child care sector employment has slowly recovered from the depths of the pandemic, the industry still faces extraordinary staffing shortages. Providers in Monroe County have told me about their inability to reopen classrooms, despite having a wait list of families, because they cannot hire and retain enough staff. Throughout the summer and fall, providers reported having to reduce hours or temporarily close classrooms because they could not meet staff-child ratios and operate safely.



The stabilization grant program funded through federal COVID relief dollars and administered extremely effectively by OCFS this fall was a critical lifeline to this beleaguered sector. Unfortunately, while many child care providers offered hiring and retention bonuses to staff, they felt unable to permanently raise wages due to the short-term nature of that program. Many providers fear that as that program winds down, they will begin to experience higher rates of staff turnover again, and the recovery of child care sector employment will stall. They are also reluctant to raise fees on families, fearing that doing so would drive them away, harming both the provider and those families who need consistent and reliable care.

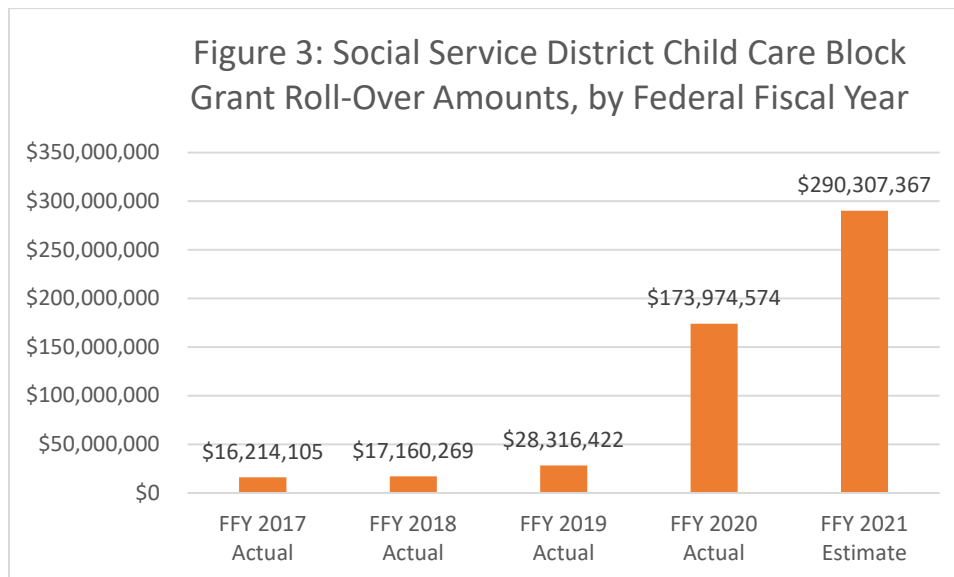
### Transformation is Needed

The Empire State Campaign for Child Care’s 2022-23 budget recommendations (attached as an appendix), if enacted, would fundamentally transform the child care sector in New York State. These recommendations do three critical things simultaneously –

- **Cover all families**, by eliminating the byzantine eligibility requirements that prevent so many children from experiencing safe and reliable care throughout our state.
- **Create a permanent workforce compensation fund** to raise wages without passing on the cost of those wage increases on to resource constrained families.
- **Transition to a new reimbursement rate** methodology that funds truly high quality child care throughout the state

A \$5 billion investment would allow New York to fundamentally transform child care in this state, improving the lives and economic security of hundreds of thousands of families across the state.

It is undoubtedly true that this would be easier to accomplish if the federal government had passed the Build Back Better reconciliation package late last year. However, New York State still has the resources to boldly transform the child care system throughout the state. In particular, it appears that there is approximately \$1.5 billion in federal child care COVID relief funds that have been left unspent. These funds, which must be committed and spent over the next several years, could be used to transition New York to this transformed system. In addition, the disruptions to child care that have occurred over the course of the pandemic, coupled with restrictive eligibility criteria and other factors, have left social service districts in the previously unimaginable position of having millions of dollars of unspent child care block grant funds.<sup>4</sup>



<sup>4</sup> Compiled by The Children's Agenda staff from <https://ocfs.ny.gov/programs/childcare/plans/>

These funds can be used to expand eligibility up to 85% of State Median Income, allowing a family of four making approximately \$100,000 per year to qualify for assistance. Additional state resources should be allocated to extend coverage to ensure that all families throughout New York State have access to high quality child care. A \$5 billion investment in this year's budget would put New York meaningfully down the path to becoming the first state in the nation to implement universal child care.

## Conclusion

New York State has the opportunity to fundamentally transform child care in this year's budget. Doing so would help families achieve greater economic security, reduce poverty and inequality, and give children the best possible start to life. Investing in families and our state's child care sector will also help us recover from the COVID-19 pandemic and help make our state a better place for all New Yorkers to raise a family.

Again, thank you for the opportunity to submit testimony to the committee. Please feel free to contact me for clarification or more information.

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## **Child Care for All NY by 2025: 2022-2023 NYS Executive Budget Request**

Now is the time for New York to commit to creating a high-quality, culturally responsive, universal child care system **within 4 years**. This year, New York must take large steps toward achieving universal child care by expanding access to child care subsidies for child care and school-age child care for lower-income New York families regardless of employment or immigration status or any other factor, by raising child care workforce compensation, and increasing provider reimbursement rates. Expansion should be funded from remaining CRSSA/ARPA child care COVID relief funds, unrestricted ARPA funds, existing CCDBG funds, Build Back Better (projected), state tax revenues, possible employer-side payroll tax.

**There are three main components of the Empire State Campaign for Child Care's framework for universal child care; all must be implemented simultaneously to guard against destabilizing the child care sector or inadvertently harming New York families as we transition to universal.**

**1. New York provides universal, guaranteed access to child care of the family's choice (family-based/center-based/informal child care) – for all children regardless of parental work status or income or immigration status in year one.**

- Guaranteed access to subsidies
- No activity requirements
- No immigration status requirement
- Parent choice of modality – family-based child care/center-based/legally exempt
- High-quality/culturally-responsive care
- Meets the needs of all children, including children with disabilities, those experiencing trauma, multi-lingual learners, families experiencing homelessness or in transitional housing
- Available during non-traditional hours
- Ultimately free for all families with no means testing, but during the phase-in period, there will be a family contribution for those with income higher than 75% SMI on a sliding scale

**Costs for year one: \$2.8 billion, assuming a September 2022 start date, a sliding scale parent fee, and a 30% increase in usage of licensed, registered, and legally-exempt child care.**

**2. New York immediately raises workforce wages by extending stabilization grants and creating an early childhood workforce compensation fund until payment rates are increased.**

- A workforce stabilization fund would directly raise wages among participating programs during the period New York is transitioning to a true cost of care reimbursement rate structure. This fund can be phased out after New York establishes and implements a new rate structure.

**Costs for year one: \$500 million, assuming 30% increase in usage of licensed, registered and legally-exempt child care, and a September 2022 start date).**



- To meet the immediate, urgent staffing needs, NY must help existing providers of all modalities by using leftover stabilization and other COVID-relief funds to continue the successful stabilization grant program during this period of transition.

**Costs for year one: \$800 million from February through August 2022.**

**3. New York transitions to a payment rate model that is based on a “cost estimation model” that accounts for geography, quality and assumes all child care staff are paid at parity with elementary school teachers.**

- During this state fiscal year – New York should establish a transitional reimbursement rate structure based on the results of the forthcoming market rate survey or the existing survey, whichever results in higher rates. Reimbursement rates should be set at the 90th percentile of market rates in each region to ensure that per child amounts are sufficient to not disrupt the child care sector during this transition from a market rate-based model to a model based on the true cost of quality care. During the phase-in period, entry level staff will be paid at least a living wage, with more experienced staff compensated at a proportionately higher rate, with compensation progressively increasing over the course of the transition period.

**Costs: \$600 million, assuming coverage expansion outlined in component one above, a 30% rate increase over the 2017–18 market rates and a September 2022 start date.**

**Total Cost Estimate: \$4.7 Billion in FY22-23 State Budget. \$5.7 Billion when annualized into FY23–24 budget (including 3% COLA).**

This proposal is structured to pull much of the funding from existing and expected federal and state resources, and modest new state revenues, including remaining CRSSA/ARPA child care COVID relief funds, unrestricted ARPA funds, existing CCDBG funds, Build Back Better (projected), state tax revenues, possible employer-side payroll tax. Importantly, adopting these proposals will help position New York to quickly and effectively implement the new Build Back Better federal plan.

In line with the core principles listed above, subsequent years will include the cost of scaling up to all families and creating pay parity, including benefits.

**Implementation principles:** Where phase-in is required, the following principles should be applied to make decisions about priorities:

- Target expansions to first cover low-income families, historically underserved communities and families facing complex needs, including children with disabilities and child welfare involvement.
- Eliminate all work requirements, activities’ tests, and immigration status requirements for low-income families.
- Take steps to avoid benefits’ cliffs.
- Guard against any increases in costs for private-pay families.
- The child care workforce must be granted significant and sustained increases in compensation before they are asked to acquire new credentials or degrees.